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EASTWARD MOVEMENT OF GERMAN INDUSTRY

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OFFICE OF STRATEGIC SERVICES
Research and Analysis Branch
Central European Section

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EASTWARD MOVEMENT OF GERMAN INDUSTRY

One of the most crucial intelligence problems of the war has been that of ascertaining the changed locations of German war industries. If the Germans had shifted their factories on any significant scale to the less accessible areas of central and eastern Europe, it is obvious that United Nations strategy would have been considerably affected. Fortunately, they have not done so. Re-examination of all available intelligence shows that German industrial movement eastward has consisted almost exclusively of the repair and expansion of existing plants in the East and the erection of a few new plants. Physical transfer of entire plants from the western part of the Reich has been extremely rare and has never occurred in the heaviest industries.

The possibility of such a large-scale movement of German war plants seemed to be supported by the successful example of the Russians in moving their own war industries eastward beyond the reach of the Nazis. When the British air raids on the Ruhr commenced to be destructive, it seemed plausible that the Nazis might attempt a similar transfer of their most vulnerable industries to a safer interior region, perhaps as far as Poland or even occupied Russia. Nazi statements frequently suggested, in

fact, that such a transfer was already under way.(1)

German propaganda may have been over eager to make the enemy believe this story. In sober fact, there are many circumstances to discredit the idea of any wholesale transplanting of German war plants eastward. Where such rumors had the Ukraine or the Caucasus as their object, transport

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(1) Intimated often through neutral channels. E.g.: "CONNECTION RECONSTRUCTION EXPLOITATION OCCUPIED EASTERN TERRITORIES THOUSANDS GERMAN FIRMS IN ALL BRANCHES BEING RESETTLED. 5470 GERMAN FIRMS CLASSIFIED MOBILIZED JANUARY 15TH SUBJECT CALL BOTH PERSONNEL MATERIAL ESTABLISH ENTERPRISES EAST. PRESENT UNDERTAKING EXTENSION TO ALL INDUSTRIAL BRANCHES SYSTEM WHICH TODT ORIGINATED ORDER BUILD RHINE FORTIFICATIONS INCLUDES BUILDING INDUSTRIAL AGRICULTURAL FIRMS OILMILLS FOOD FACTORIES ALSO INACTIVE AUTOMOBILE REPAIR SHOPS. MIGRATION UNDERTAKEN SYSTEMATICALLY PREARRANGED BEFORE CONQUEST." Plain cable, Bern, January 24, 1943.

Also: "TRANSFER GERMAN INDUSTRIAL CENTERS TO WELL-PROTECTED AREAS FURTHER EAST RAPIDLY PROGRESSING. INDUSTRIAL PLANTS UPPER SILESIAN DANZIG REGION NOW STARTED PRODUCTION." Stockholms Tidningen, quoted in Plain cable, Stockholm, #1733, June 1, 1943.

Also: "The Berlin radio quoted the Amsterdam COURANT on June 20 as saying that Dutch economic circles plan to move shut-down industrial plants to the Ostland. Van Tonningen confirmed the report: 'It is considered especially advantageous to transfer whole firms to the eastern territories.'

"Industrial plants from other areas as well have been moved to the East, and sometimes, though rarely, reasons for the migration are advanced. For example, The Ministry for the Ostland, reporting that a large number of huge smelters had been moved from west to east, added that the industries for which the smelters had been operating had been moved because of a shortage of raw materials. Again, in announcing the migration of large factories from the Rhine valley, especially cement plants, the Berlin radio added that it was only natural to move them since their market is in Eastern Europe. (In addition, stones of excellent quality were reported in the Baltic countries.) Textile factories and equipment for growing cotton are also said to have been sent to Ostland, along with material for the manufacture of glass and ceramic products." FCC (&BEW) Foreign Broadcast Service, special report No. 35, December 23, 1942, Russia under German Occupation, pp. 8-9.

Also: "The Germans are going to transfer to the basin of the Don in the Ukraine substantial quantities of industrial and electrical apparatus now located in the area around Longwy in occupied France. As a quid pro quo the Germans will give the French concerns which own the apparatus an interest in the company they are setting up to develop the production level of steel in the Donetz region." Cable, Murphy, Algiers, November 6, 1942.

problems and the uncertainties of the Russian fighting front invalidated them. A resettlement of Poland with plants moved from the Rhineland was scarcely more feasible, in view of the chronic shortages of coal in that country and the general insufficiency of the power plants and power distribution system. Moreover, the Nazis have systematically drained Poland of the labor supply which would have been indispensable for such relocated plants.

Within Germany proper, much has been said about a so-called "safe area" in lower Saxony to which some parts of Krupp, I.G.Farben and other Rhineland plants are supposed to have been evacuated.(2) But even such shorter migrations of heavy industrial equipment, at least on any significant scale, must be questioned in view of the congested state of the German transportation system.

Although the Nazis have indeed physically transplanted some factories in this manner,(2a) it is safe to say that this type of movement of industry has been less significant than the erection of entirely new

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(2) Testimony of E. M. Schaefer, formerly president of Chemische Werke Tornesch; cf. BEW Doc. Secur. Sect. 400599 (October 2, 1942).

(2a) The Protectorate seems to have been the recipient of a good many smaller industries moving out of the Reich. There is considerable indirect evidence to suggest this, particularly the demand for factory space in the Protectorate. For example, a decree of the Reichsprotektor of April 28, 1943 stipulated that owners of unused or partially used halls or large spaces (300 square meters or over) must report them to the authorities and could not rent or sell them for new uses without permission of the Rüstungskommission. (Der Neue Tag, Prague, May 11, 1943).

The issues of Der Neue Tag have regularly contained advertisements seeking factory space such as the following:

GESUCHT
ein Fabriksanwesen
mögl. für Maschinenfabrikations-
betrieb geeignet, ca.5 - 10,000 qm
bebaute Fläche, zu pachten oder zu
kaufen.
(Der Neue Tag, Nr. 127, May 9, 1943, p. 13)

Die Wirtschaft (Prague) wrote on December 19, 1942: "The number of skilled expert workers made it possible to remove metal-working, electrical, fine mechanical and optical enterprises from the Reich to the Sudetenland. These transfers were so frequent that last year the demand from the Reich for empty premises and unused plants in the Sudetenland could not be met by the offers of premises to let."

plants and the repairing and rationalizing of conquered industries. It is here that the real shift of German war-industrial potential has occurred. This development commenced prior to the war in such places as the following:

Linz, Austria.	(Expansion of the Goering steel concern into this area.)
Upper Silesia.	(Building of several new synthetic gasoline plants, at Blechhammer and Odertal.)
Sudetenland.	(Building of the synthetic gasoline plant at Brüx.)
Lower Oder valley.	(Building of the synthetic gasoline plant at Pölitz.)

Since the outbreak of the war, this kind of industrial expansion has taken new forms, of which the following are examples:

(1) The seizure and exploitation of existing plants in conquered countries. Poland provides the best examples of this. Here nearly all industrial plants were taken over immediately by the Haupttreuhandstelle Ost (HTO) and operated by trustees when not dismantled or shut down. Gradually the HTO turned most of them over to private German industry or (in the case of the formerly Polish state-owned industries) to the newly-organized and state-operated "Werke des Generalgouvernements AG., Krakau."

Instances:

Werke des General gouvernements AG. took over:
- (a) the nitrogen plant at Moscice
- (b) the cellulose plant at Niedomice
- (c) the textile works at Zyrardow
- (d) the paper mill at Częstochowa.

"Berghütte" (Prague and Teschen) took over:
- (a) the steel mills of the Krolewska i Laura S.A., in Polish Silesia,
- (b) the Rakow steel works in Częstochowa,
- (c) various large properties in the Mährisch-Ostrau region of former Czechoslovakia.

The Ballestrem concern (Upper Silesia) took over:
(a) the Pokoj steel works
(b) the Baildon steel works
(c) the Ferrum steel works in Katowice.

Henschel & Sohn, GmbH., Kassel, took over:
(a) the Polish state locomotive works at Chrzanow,
(b) the Cegielski locomotive works at Poznan.

The Goering concern took over:
(a) the Starachowice steel works,
(b) the Ostrowiec steel works,
(c) the Stalowa Wola steel works,
(d) the Radom arms plant.

"Hasag" Hugo Schneider AG., Leipzig, took over:
the Polish state ammunition works at Skarzysko-Kamienna.

The Zellwolle-und Kunstseide-Ring GmbH., Berlin, acquired:
the "Polana" artificial fibers plant at Pabianice.

The Zeiss interests acquired:
the Polish state optical works at Warsaw.

The Siemens interests acquired:
the electric cable and copper products plant at Ozarow.

Oberschlesische Stickstoffwerke AG. (VIAG) acquired:
the Polish state nitrogen plant at Chorzow.

Ballestrem, Donnersmarck, Goering, Preussag, etc. took over the Polish coal mines, lead mines and zinc deposits.

Preussag, Deutsche Erdöl, etc. took over the Polish oil fields.

(2) Completion of plants which the Nazis found already in process of construction in conquered countries, such as the Rożnów dam on the Dunajec river in southwestern Poland.

(3) Rebuilding of plants destroyed by war in conquered areas, such as farm-machinery factories in the Ukraine. ("During recent months in the area west of the Dnieper 28 destroyed factories for

agricultural machinery have been repaired and put into operation. These factories have now been combined under a unified management under the new firm Landmaschinen-Industrie Ukraine GmbH." Krakauer Zeitung, 9/10/42.)

(4) Rationalization of plants acquired in conquered areas, and their effective combination with related industries in the Reich. Upper Silesia is the best example. This whole region now embraces former Polish Silesia, the Dąbrowa coal basin and German Upper Silesia. Together with the Mährisch-Ostrau and Teschen areas of former Czechoslovakia they have now been economically unified for the first time and exploited to capacity under a common plan. The Lodz textile center has likewise been remodeled by the Nazis. In this case, it should be noted, gearing the industry into the German war economy has involved the closing down of many plants, rather than expansion.

(5) Erection of new plants in the occupied territories. This is notably true of assembly plants for submarines and aircraft, additional shipbuilding facilities and plants for the manufacture of cement and other building materials needed for fortifications and for rebuilding devastated areas in the East.

(6) Control of plants in satellite countries. Many aircraft, steel, oil-refining and other plants in Rumania, Jugoslavia, Hungary, etc., have gone to work for the Nazis since the war began.

"Eastern committees" (Ostausschüsse) have been set up in some Reich industries for the purpose of establishing close connections with industries in Poland, Ostland and the Ukraine. These Ostausschüsse are supposed to "take care of plants and workshops taken over by German firms, ascertain requirements of labor, raw materials and machinery, supervise repairs and select in the Reich managers and experts for industries in the Eastern areas. They also supervise the establishment in these areas of subsidiaries of Reich firms."(3) An example is the eastern shoe concern "Ostschuh GmbH. Rowno (Ukraine)".

"This company was established with the approval of the Reich Economic Ministry and the Ministry for the Occupied Eastern Territories as a joint enterprise of the German shoe industry including the Protectorate firm "Bata AG.,

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(3) Krakauer Zeitung, December 4, 1942.

> Zlin." The original capital amounts to 2 million reichsmarks. The founders include some 80 German shoe manufacturers, who are making available from their own plants machinery and expert personnel required for the undertaking in the East."(4)

The situation in the principal branches of industry with regard to expansion or migration eastward may be summarized as follows:

(1) Steel. No actual transplanting of heavy equipment, such as an entire blast furnace, has been proved. The Trzyniec works in Upper Silesia have at least one new blast furnace, built since the war.(5) Ostbütte at Sosnowiec has a new electric furnace.(6) There has probably been similar expansion in many other Upper Silesian mills. A new mill is reported in the Ukraine.(6a)

(2) Coal. The output of the Polish mines has been expanded to capacity. Improved machinery such as the so-called "Panzer-Johanna" has been introduced.

(3) Shipbuilding. Installations for repairs and for new building have been expanded all along the Baltic coast, and there have been some actual transfers of heavy equipment from the Reich. The Gdynia-Danzig-Elbing area is the most important. Reported transfers include the following:

> The Deutsche Werke, Kiel, have taken over an important part of the shipyards at Gdynia, have expanded them and have brought in some of their heavy shipbuilding equipment from Kiel.(7)
>
> Deshimag, Altona, "started transferring its Altona works as early as August, 1940. Deshimag's U-boat assembly is now centered at Gotenhafen and Danzig. In October, 1941,

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(4) Deutsche Bergwerks-Zeitung, Nr. 115, May 19, 1943, p. 2.
(5) Polish Intelligence, 335/42.
(6) Polish Intelligence, 355/42.
(6a) "In Kiew wurde die erste Stahlgiesserei in der Ukraine in Betrieb genommen. Dem neuen Unternehmen soll auch eine Nagelfabrik, Feilengiesserei, Schweisserei und ein Instandsetzungswerk für Kraftfahrzeuge angegliedert werden." Nachrichten für Aussenhandel, 11/26/42.
(7) Polish Intelligence, September 1942.

facilities at Libau, Windau and Pernau were taken over. These have since been enlarged. Deshimag's assembly of Schnellboote (E-boats) is scattered, the principal shipways being located at Stralsund, Sassnitz, Stolpmünde, Kranz and Memel."(8)

Blohm & Voss, Hamburg, "took over existing facilities in Danzig and Gotenhafen (Gdynia) and have been constructing new ones. Also took over a number of shipyards in Libau and Riga. Currently trying to restore facilities in Reval (Talinn) and Nikolayev. Has U-boat assembly facilities in Constanta."(9)

(4) Aircraft. All Polish aircraft plants have been adapted to the requirements of the Luftwaffe. New manufacturing installations have been set up in Poland, Austria and the Protectorate, but there is no proof that any of these represent a transfer of plant from the Reich. The one proven transfer of an aircraft manufacturing plant is that of the Focke-Wulf plant from Bremen to the vicinity of Allenstein, East Prussia.(8) Instances:

Rzeszow (General Government, District of Krakow): The plant of the former Polish state aircraft works, now a subsidiary of Henschel, is manufacturing parts for Daimler-Benz engines.(10)

Mielec (General Government, District of Krakow): The plant of the former Polish state aircraft works, now a subsidiary of Heinkel, is producing parts for He 111 and Ju 52 aircraft.(10)

Krakow: The Kurt Hodermann Werk, GmbH., was founded June 9, 1942, with a capital of 800,000 złoty (400,000 RM.), for the manufacture, repair and distribution of aircraft accessories of all kinds. (OSS special weekly report January 29, 1943).

Vienna: Expansion of the Wiener-Neustadt Flugzeugwerke is implied in frequent advertisements for foreign workers. (Cf. Deutsche Zeitung in Kroatien, 8/XI/42.)

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(8) Document "Migration of German Industries," and Polish Intelligence evaluation thereof, September-October 1942 (OSS, Central European Section).
(9) Ibid.
(10) Mikołajczyk, Raport Sytuacyjny Okupacji Niemieckiej, London, November 1941, p. 30.

There has been other intelligence of new or expanded aircraft plants in the Vienna area. (Cf. Harrison, Plain cable, Bern, October 10, 1942, regarding a plant under construction for the Flugmotorenwerke Ostmark. GmbH., between Vienna and Baden.)

Prague: Junkers Flugzeug- und Motorenwerke AG. was advertising for more workers for its plant in Prague-Vysovany during the spring of 1942. (Cf. Der Neue Tag, advertisements, March and April issues, 1942.)

(5) Munitions and Machinery. Existing munitions plants in Poland have been adapted to the needs of the Wehrmacht, but like all other industrial plants in the East they are handicapped chronically by lack of coal and other raw materials.

Skarzysko-Kamienna: The former Polish state ammunition works, now part of HASAG, received "a considerable amount of new machinery from Germany in order to carry out production of a new series of shells (88, 105, and 150 mm.)."(11) Another intelligence source says: "Machinery of greater efficiency has been brought in from Germany. In the first half of February, 1941, ten carloads of such machinery arrived, and 100 carloads are still to come. These machines are installed in the departments producing fuses and ammunition."(12)

Starachowice: The former Polish state steel works, now part of the Goering interests, received machinery brought from France and Belgium to expand production on German munitions orders.(13)

Ostrowiec: The steel works, now a Goering subsidiary, have been put on production for German railway and submarine equipment requirements, but are periodically hampered by shortages of fuel and raw materials.(14)

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(11) MEW Weekly Armaments Report, No. 42, week ending July 4, 1942.
(12) Mikołajczyk, Raport Sytuacyjny Okupacji Niemieckiej, London, November 1941, p. 29.
(13) Ibid., p. 28.
(14) Ibid., p. 28.

Poznan: The former Cegielski works, now a Henschel subsidiary, have been expanded - according to one report by the transfer of the installations from the Cegielski plant in Rzeszow(15) - and are producing parts for heavy tanks, locomotives, armored trains, motor boats, and invasion barges.

Bromberg (Wartheland): Building of a new ammunition factory, to come into production in mid-1942, was reported by Polish Intelligence, early in 1942. The plant was said to be located at Osowa Gora, west of the city.

Bromberg: As an example of a shift of industrial headquarters without any migration of equipment being necessarily involved, the following item may be noted: "The Deutsche Lohnert Maschinenbaugesellschaft mbH. of Cologne, which before the Great War was established at Bydgoszcz (Bromberg) and produced machinery for the stone and clay industry, has bought the Bromberger Maschinenfabrik, formerly Hermann Lohnert, from the Haupttreuhandstelle Berlin, with retroactive effect of January 1, 1942, and has transferred the offices of the company, effective immediately, to Bromberg. Both undertakings will be carried on under the name of Lohnert Maschinenbau GmbH.(16)

Pabianice: "A west German machine factory transferred its seat to Pabianice in June", 1942.(17)

Krakau: Hugo Schneider AG., Leipzig, has established a subsidiary at Krakau under the firm name Hasag Eisen- und Metallwerke GmbH., Krakau.(18)

Drahtwerke Ost. GmbH., with a capital of 100,000 RM., was established early in 1943; no particulars are available as to plant and location.(19)

Upper Silesia: Polish Intelligence reports the installation of 300 new lathes and other new equipment in various steel works (Trzyniec, Zgoda, Batory, Pilsudski, Laura, etc.) to speed up the production of heavy anti-aircraft guns.(20)

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(15) Chylinski, Conditions in Poland, November 1941.
(16) Neues Wiener Tageblatt, 4/9/42.
(17) Krakauer Zeitung, July 18, 1942.
(18) Frankfurter Zeitung, February 19, 1943, p. 6.
(19) Plain cable, Bern, 2986, May 15, 1943.
(20) Polish Intelligence 220 - 732/42 (August 21, 1942).

(6) Building Trades. The German press is full of announcements of the founding of construction companies, cement plants, etc., in the East, particularly in Ostland. Occasionally these items refer to the actual movement of cement-making equipment from the Reich to the East.(21) There can be no doubt that the building trades are one of the branches showing the most new Nazi industrial activity in the East, but it is still an open question whether there has been much transfer of old or new equipment from the Reich. Among newly-founded companies are the following:

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(21) Deutsche Bergwerks-Zeitung, 8/4/42, reported that two idle cement plants of the former Wickingschen firm in Westphalia were to be dismantled and sent to the occupied East for reassembling. Cf. also the following items:

"The removal of cement plants to the East concerns essentially only the Russian areas. As a result of the immense devastation, the work of reconstruction there poses the largest tasks. It is desirable that in transfer in cement works the Baltic areas might likewise be taken into consideration. Through the aid of the Danish cement industry a considerable increase of production is already looked for. Although an immediate transplanting of entire plants to Ostland is not to be anticipated at this time, the total capacity of the cement production in Ostland could be significantly raised within a short time by delivery of machinery from Denmark." (Deutsche Zeitung im Ostland, 7/22/42.)

"In accordance with a contract recently concluded, and one which has attracted much attention in German economic circles, a cement plant in the surplus area of the West is being dismantled and rebuilt in the East, in a modernized condition, whereby the capacity is to be raised from 60,000 tons to 180,000 tons. The Berliner Boersen-Zeitung comments that an especially large demand for cement in the East will have to be reckoned with in the future, while the center of gravity of cement production, on the other hand, lies in the western half of the Reich and in the neighboring lands of Belgium and Holland. In rebuilding the Eastern areas after the devastation of the present war, the extent of the requirements cannot even approximately be gauged. Two ways are open for the western European cement industry to participate in this reconstruction of the East. One is the repair and reopening of existing plants, and expanding them in connection with the opening up of new deposits of raw materials. The other, which has now been trodden for the first time, consists in transplanting factories from the West to the East - a process that holds large advantages, especially in savings to the transportation system. It is still to be seen, however, whether such a transfer can be undertaken and carried through during the war, in view of other more urgent tasks of the war economy." (Neue Zürcher Zeitung, 8/2/42).

"Ostland" building and industrial company (mbH.), Beuthen.
Riga United Portland Cement and Building Materials Works, GmbH.
"Ostra" building company, Vienna.
Eastern Reenforced Concrete and Underground Construction Co. (mbH.), Berlin.
Riga Concrete and Monier Construction Co. (mbH.).
Knöfel Ostland Building Materials Co., Kauen.
Rudolf Hellmann Engineering Construction, Danzig.
Eastern Building Materials Trading and Manufacturing Co., Cologne.
Baugesellschaft Galizien mbH., Lemberg.
Blizyn Betonfabrik GmbH., Blizyn.
Ukrainische Beton und Monierbau GmbH., Kiev.

(7) Electrical goods industry. There is no reliable evidence of the moving of manufacturing equipment in significant quantities eastward. One unconfirmed source reported "Berlin Kabelwerke moved to Posen."(22) Announcements like the following need not imply anything more than the taking over of former Polish plants:

> Deutsche Rundfunkempfängerfabrik Warschau, GmbH., has been established with a capital of 600,000 zloty as a joint-enterprise of the German radio industry, to manufacture miniature radio receiving sets.(23)
>
> Siemens has founded a new company in Ostland, with a capital stock of 500,000 RM., to manufacture electro-technical products, establish a power plant, and trade in products manufactured by its own or affiliated companies.(24)

(8) Petroleum. The significant developments had had to do with Nazi exploitation of old and new fields in Poland, Hungary, Slovakia, Austria, Croatia and Esthonia, new drillings in Rumania, etc. The new corporation Kontinentale Oel AG. is the symbol of Nazi penetration and control of the oilfields of East Central Europe. The elaborate stories of 1942 regarding the shipment of refinery installations to the Caucasus have cooled off to a meager residue of inconclusive rumors, such as the reported shipment of Standard Oil's Port Jerome refinery from France to Russia.(25) The one consistently reported transplanting of a factory is the transfer of the

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(22) Document, "Migration of German Industry", OSS, September 1942.
(23) Krakauer Zeitung, 8/13/42.
(24) Stockholms Tidningen, December 11, 1942.
(25) Last reported unloaded on a railway siding at Warsaw. Plain cable, Bern, October 30, 1942.

Deutsche Vacuum Oel Co.'s Solvent extraction and de-waxing plant from Bremen to a new location in the Protectorate.(26)

(9) Textiles. The Nazis have ruthlessly rationalized the great Polish textile manufacturing centers of Lodz, Bialystok, Bielsko, Czestochowa, Tomaszow and Warsaw, combining or closing down inefficient plants and adapting the rest to new raw materials, new types of products and the needs of the Wehrmacht. Particularly the Lodz (Litzmannstadt) industry has been remodeled and expanded (subject to fuel and raw material shortages) by the German textile concerns which took it over. The following establishments are indicative of the trends:

> Pabianice: The artificial fibers plant, one of the largest in Europe, has been reorganized as Zellgarn Litzmannstadt AG. inside the German Artificial Fibers Cartel and its production expanded.(27)
>
> Brzeziny (Löwenstadt), Wartheland: "In June, 1942, a trimmings-factory transplanted part of its plant from the old Reich to Löwenstadt."(28)
>
> Lodz: "The Litzmannstadt stocking industry has experienced a boom in the past few months, attributable mainly to the transplanting hither (Betriebsverlagerung) of the Chemnitz stocking industry."(29)
>
> Breslau: Flachswerk Mittelschlesien AG. will build a new plant near here.(30)
>
> Wildschütz, Wartheland: Flachswerke Wartheland has been established, as a point establishment of 263 German linen manufacturers, with a capital stock of 1.5 Million RM.(31)
>
> Rohstoffgesellschaft Zwiehelm mbH., Berlin, was established early in 1943 with a capital of 100,000 RM. to promote the production of bast fibers and other raw materials and the processing and sale of same, in the East.(32)

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(26) MEW report on enemy economic developments, No. 2, February 20, 1942, p. 8.
(27) Frankfurter Zeitung, February 22, 1941.
(28) Krakauer Zeitung, July 18, 1942.
(29) Ibid., July 21, 1942.
(30) Donau-Zeitung, 5/6/42, p. 5.
(31) Kölnische Zeitung, January 29, 1943.
(32) Deutsche Allg. Ztg., March 14, 1943.

Spinnstoff-Gemeinschaft Ost. GmbH., Bremen, has been founded to promote the production of flax, hemp and other fibers in the occupied East, as well as the processing and sale of the same.(33)

(10) Chemicals. There is a dearth of evidence to indicate actual movement of plants, and little intelligence on the building of new ones in the East.

Heydebreck, Upper Silesia: "A chemical and small parts factory has been moved here from the Ruhr."(34)

Breslau: The Donau-Zeitung reports that several new chemical factories are to be built near here.(35)

Pankreas-Utilisation GmbH., a joint enterprise of the German insulin manufacturers, has been founded for the purpose of collecting glands in the occupied East, especially Ostland.(36)

(11) Rubber. Much evidence points to the existence of a new Buna plant, probably with a 25,000 ton capacity, somewhere in Eastern Germany. This plant is either in the Sudetenland (probably at Brüx) or in Upper Silesia. Meanwhile there is one report that the Nazis moved the KER installations from the Polish synthetic rubber plant at Dębica to a location in western Germany, possibly Leverkusen.(37) Probably some of the rubber-products factories in the East have been expanded. For example:

Oberschlesische Kautschuk- und Kunstkautschukwaren-Fabrik GmbH., Trzebinia, (formerly "HEVEA" GmbH., Leipzig) has raised its original capital from 20,000 RM. to 475,000 RM.(38)

Veith Rubber Works (GmbH) have transferred their seat from Frankfort am Main to Reval.(39)

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(33) Berliner Boersen-Zeitung, December 21, 1942.
(34) O.S.S. secret source, January 18, 1943 (CID. doc. #27107-S).
(35) Donau-Zeitung, 5/6/42, p. 5.
(36) Das Reich, August 20, 1942.
(37) Polish Intelligence 486 - 1035/42.
(38) Gummi-Zeitung, January 16, 1942, p. 22.
(39) Plain Cable, Bern, July 3, 1943.

(12) Food products. The Nazis have repaired and expanded the food-packing industries of Poland. Possibly some new factories have been erected.(40) Warehouse facilities for potatoes, etc., have been increased, in this area. There are scattered reports of the removal of food-processing factories from the West to the East. For example:

> Sugar refineries at Amsterdam are reported to have been moved to Silesia, an important beet-growing center.(41)
>
> "Many well-known German firms," including one Hamburg firm, have transferred their factories to Galicia or have established new ones there. During the summer of 1942 canning plants were established at Stanisławow, Tarnopol, Kolomyja and elsewhere.(42)

Summary

There has been comparatively little physical transfer of heavy German industrial installations eastward. On the other hand, German industry has expanded eastward by taking over existing plants in Poland, Ostland, the Protectorate, Ukraine, and elsewhere, often enlarging and rationalizing them, and by building some new plants in this region. The motives for this eastward development have been not so much the need for safety from aerial attack as the desire to exploit raw materials, labor supply and markets in the East, and to gear the East into the Reich's war economy. Continued heavy bombing of West German industry may have the effect of altering this picture somewhat by leading to more actual transfers of industrial installations to the safer regions, although transportation difficulties will impose limits on this possibility.(43)

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(40) Cf. report of the building of a factory to dehydrate vegetables, at Lublin. Neues Wiener Tageblatt, December 12, 1942, p. 4, col. 3.
(41) O.S.S. document, "Migration of German Industries," September 1942.
(42) Hamburger Fremdenblatt, March 2, 1943.
(43) A last-minute bulletin from an authoritative source says: "Industry being evacuated from what is left of Wuppertal to Thueringen." (O.S.S. #19341, July 7, 1943.)